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MORI/CDF C05105162

December 6, 1971

MEMORANDUM FOR

THE SECRETARY OF THE TREASURY

SUBJECT: India/Pakistan

Attached are a few papers I thought you might want to look over before the 1:30 meeting this afternoon with the President.

Henry A. Kissinger

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THE WHITE HOUSE

WASHINGTON

TOP SECRET-SENSITIVE
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December 6, 1971

MEMORANDUM FOR:

THE PRESIDENT

FROM:

HENRY A. KISSINGER

SUBJECT:

Information Items

India-Pakistan Situation: The Indian forces are continuing their all-out offensive into East Pakistan and heavier fighting is developing in the West where the Paks seem to be taking the initiative. In more detail the military situation looks as follows:

- In East Pakistan the Indian forces are making gradual progress on several fronts. They are pressing the outnumbered Pak forces on several strategic fronts and the Indian gains so far may be laying the basis for more dramatic successes in the near future. The Indian objective is to force a Pak surrender in East Pakistan within the next week, if at all possible.
- Ground action on the Indian-West Pakistan front has been increasing, but it is not yet as widespread as in the East and neither side appears to be making clear-cut major gains. The Indian strategy is to maintain an essentially defensive posture in the West until the battle is won in the East, but there are indications that the Paks may be preparing a major offensive thrust in Kashmir that would undoubtedly force an Indian counter.
- In the air war, India has apparently achieved complete air superiority in the East and is using its air force to support the ground offensive. The Indians continue to bomb and strafe military targets in major cities in both East and West Pakistan. Fuel storage tanks in the Dacca and Chittagong areas of East Pakistan and in the West Pakistan part of Karachi have been especially hard hit.

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-- The navies of both countries are also active. The Indian Navy is blockading ports in both East and West Pakistan and claim to have sunk two Pak destroyers and to have shelled the port of Karachi. India's aircraft carrier is operating against East Pakistan. The numerical superiority of India's fleet should give it a decided advantage in any future naval combat.

On the political front, Mrs. Gandhi has announced India's long-anticipated recognition of Bangla Desh as an independent nation. Even though the significance of this move has been lessened by the hostilities, the Paks responded by breaking diplomatic relations with India. The Swiss will look after Pakistan's interests in New Delhi.

Last night's Security Council meeting on the Indo-Pak crisis underlined both the isolation of the Soviet/Indian position and the determination of the USSR to prevent any resolution not to its liking. The Soviet draft resolution (calling for an East Pakistan political settlement which would "inevitably result in a cessation of hostilities" and for Pakistan to cease acts of violence in East Pakistan which "led to the deterioration of the situation") was defeated; 2 in favor (USSR and Poland), 1 against (China) and 12 abstaining (including the U.S.). Another resolution co-sponsored by eight non-permanent members (calling for a cease-fire, withdrawal, efforts to bring about conditions necessary for the return of refugees) lost to a Soviet veto; 11 in favor (including the U.S.), 2 against (USSR, Poland) and 2 abstaining (UK, France), just as the U.S. draft had yesterday. The Pak representative had found this resolution acceptable. The Chinese resolution (condemning Indian aggression) was not put to a vote but the Chinese continued to sharply attack India. Sino-Soviet name-calling continued throughout the debate.

Most speakers deplored the inability of the Council to act, with the British and the French lamenting the Council's proceeding to vote on resolutions which would fail. Following the vote the Italian representative tabled a resolution limited to a call for an immediate cease-fire as a first step. However, he was stopped from pressing the resolution to a vote by a movement to adjourn until this afternoon supported by the USSR, U.S., UK and France which was accepted by the Council. There were suggestions during the corridor consultations that the issue be taken to the General Assembly if the Council proved unable to act. The more likely immediate pressure, however, will operate in the direction of the Italian proposal for a simple cease-fire resolution.

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CENTRAL INTELLIGENCE AGENCY
Directorate for Intelligence
6 December 1971

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INTELLIGENCE MEMORANDUM

India-Pakistan Situation Report
(As of 0800 EST)

25X1 1. Indian advances in the east appear to be gaining momentum, while both sides are mounting offensives in the west. The three-pronged Indian attack into the northwest sector of East Pakistan continues, with Pakistani troops reportedly falling back on most fronts.

[REDACTED] A further advance would involve the first significant river crossing of the campaign. Further to the south in the Jessore area, the Indians have not made significant gains, and may be meeting stiff resistance. A spokesman in New Delhi told the press that Indian forces might bypass Jessore in view of the unanticipated strong Pakistani stand there. He said that the Indian intent is to avoid heavy casualties and spare some of the installations in the area which might be needed by a future independent Bangla Desh government. Elsewhere in East Pakistan, the Indians claim to have taken the town of Feni after heavy fighting. Pakistani forces still hold the town of Comilla but most of the major road and rail links in eastern East Pakistan have been severed by the Indians. Indian officials have declared that Chittagong harbor is no longer safe for neutral ships because of repeated Indian air attacks.

2. The picture in the west is still far from clear as both sides claim to be mounting thrusts into enemy territory at widely separated locations along the border. The Pakistanis claim that they are advancing slowly into Kashmir near the towns of Jammu and Poonch. At Poonch the Pakistanis claim to have captured large quantities of ammunition while the Indians say they have destroyed some 23 Pakistani tanks in an armored battle northwest of Jammu.

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According to a [] source, the Pakistani Army intends to move into Indian territory along the border from Poonch to Fazilka in preparation for a large assault into Kashmir. The report states that the Pakistanis do not intend to capture Amritsar or any other large Indian cities but rather want to create a buffer zone several miles deep into Indian territory before an all-out effort to capture Kashmir begins. In the Punjab, the Pakistanis claim further advances into the areas near Amritsar, Ferozepore, and Fazilka. The Indians deny Pakistani claims of success with these offensives.

3. Farther to the south in West Pakistan's Sind Province, the Indians say they have mounted two incursions into enemy territory. No information is available on the situation around Gadhra where the Indians claim to have captured the town. The Indians say they have mounted another advance further to the north, where the main railway between Hyderabad and Jodhpur crosses the border. According to the New Delhi press, Indian forces have moved into West Pakistan along the railway as far as Vasarbah--some 15 miles. There is no evidence, however, that the Indians plan to move against Hyderabad, which is about 130 miles further west. The fall of Hyderabad would cut off Karachi from northern West Pakistan. Despite these advances into the Sind, New Delhi continues to claim that the Indian posture in the west is primarily defensive.

4. The Indian air force continues to hit military targets in West Pakistan. In Lahore, SU-7s attacking the airport carried little or no outside ordnance and simply sprayed the area with cannon fire. Pakistani air defense personnel in Lahore speculated that the main purpose of the Indian attacks was to draw the Pakistani air force into dogfights, thus diverting it from more important targets. In Islamabad, despite five air raid warnings between midnight on 5 December and noon on 6 December, the community appeared normal, as taxis, private vehicles, citizens, and vendors went about their business. Karachi appeared harder hit than other cities; the press reported 10 persons killed and 25 injured in raids on Sunday. Officials said that many of the city's 3.5 million people had left for the safety of the mountains in the interior of West Pakistan. Claims of enemy aircraft kills by both sides continue to rise. India says that Pakistan has lost 48 aircraft while Pakistan claims 94 Indian planes. There still is no evidence to substantiate either score.

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5. No further information has been received on the outcome of yesterday's naval engagement off Karachi in which the Indians claim to have sunk two Pakistani destroyers and shelled the city. US Navy intelligence reports, however, that Pakistan's only cruiser has left the port for an unknown destination.

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6. In the UN, delegates continued consultations on a last-chance draft introduced by the Italian ambassador. The Italian draft calls for an immediate cease-fire as a first step, leaving other questions until later. Should the Italian draft fail, plans reportedly are being made to transfer consideration of the crisis to the General Assembly. The so-called "uniting for peace" procedure to transfer matters concerning the maintenance of peace and security to the General Assembly in the event of a veto requires the affirmative votes of nine Security Council members. Sources at the UN have indicated that there is some doubt whether the nine votes could be obtained, since both Britain and France are reluctant to support such a move.

7. On 6 December, the governments of India and Pakistan agreed to a 2-hour cessation of hostilities in the Dacca area to facilitate the evacuation of UN personnel. However, two Indian airstrikes on the Dacca airfield just before the arrival of a Canadian relief aircraft caused the airfield to be closed and forced the relief aircraft to return to Bangkok. Negotiations are presently underway to reschedule the relief flight for 7 December.

8. Radio Pakistan has announced that Pakistan had formally broken relations with India following Indian recognition of Bangla Desh as an independent nation. Pakistan has asked Switzerland to handle its affairs in India.

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THE WHITE HOUSE

WASHINGTON

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INFORMATION

12/5/71

MEMORANDUM FOR: THE PRESIDENT
FROM: HENRY A. KISSINGER
SUBJECT: South Asia in The Security Council

The U.S. resolution was vetoed by the USSR, but it gained impressive support. The vote was 11 for, 2 against (USSR, Poland), 2 abstaining (UK, France). The following views emerged:

- China voted for our resolution as presented but would have preferred deletion of our paragraph calling on all states to refrain from any action that would endanger peace in the area. China also had less strong reservation about our paragraphs (a) calling on both India and Pakistan to create a climate conducive to the voluntary return of refugees and (b) calling for UN observers.
- The USSR (a) argued for hearing a Bangla Desh representative and (b) presented a resolution calling on Pakistan for a political settlement.
- The U.S. itself mustered six sure votes at the outset (Argentina, Nicaragua, Italy, Belgium, Japan, U.S.) with two more probable votes (Burundi, Sierra Leone).
- Pakistan finally reported China's decision to vote for our resolution and confirmed Burundi and Sierra Leone.
- In the end, Somalia and Syria came along.

Three alternative resolutions were presented:

- An African/Latin American draft (Argentina, Burundi, Nicaragua, Sierra Leone, Somalia) calls for an immediate cease-fire and withdrawal. It deals with the political issue

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in a preambular paragraph by "recognizing the need to deal appropriately at a subsequent stage, within the framework of the Charter, with the issues which have given rise to the hostilities." That is a substitution for our urging in operative paragraphs the good offices of the Secretary General and UN observers. [The Pak Ambassador would prefer deletion of that preambular paragraph and inclusion of observers.]

- A Belgium-Italian-Japanese draft calls for an immediate cease-fire and cessation of all military activities and urges the governments concerned "to intensify their efforts to bring about conditions necessary for the speedy and voluntary repatriation" of the refugees. It omits withdrawal, good offices and UN observers.
- A Soviet draft calls for a "political settlement in East Pakistan which would inevitably result in a cessation of hostilities" and calls on the Pakistani government "to cease all acts of violence by Pakistani forces in East Pakistan which would lead to deterioration of the situation."

The Soviets also argued that the Council should hear a Bangla Desh Representative.

The debate, as anticipated, has focussed on the degree to which the political issue will be dealt with. The Pakistani representative wants a call for withdrawal, inclusion of observers, and minimum language on conditions in East Pakistan. (He also prefers referring to withdrawal of armed "personnel" rather than armed "forces" so as to include the guerrillas.)

NATIONAL SECURITY COUNCIL

INFORMATION

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December 3, 1971

MEMORANDUM FOR: DR. KISSINGER

FROM: HAROLD H. SAUNDERS
SAMUEL M. HOSKINSON

SUBJECT: Cutting Off Economic Assistance

The following is a more precise look at the pipeline of US economic assistance to India and Pakistan and our options for cutting it off. The purpose is to give you a full range of feasible alternatives.

Pipeline

There are three major components of our pipeline of economic assistance to India and Pakistan--Development loans, PL 480 and Technical Assistance:

	(millions)	
1. <u>Development Loans</u>	<u>India</u>	<u>Pakistan</u>
<u>Active Pipeline:</u>		
Amount not yet committed to specific purposes	\$11.7	\$19.6
Covered by Letters of Commitment held by Banks but not yet in irrevocable Letters of Credit	\$86.8	3.6
In irrevocable Letters of Credit, but not disbursed	\$124.2	34.1
Estimated in transit (funds disbursed but goods have not yet arrived)	<u>\$25</u>	<u>nil</u>
Total Active Pipeline	\$247.7	\$57.3

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		(millions)
1. (Continued)	<u>India</u>	<u>Pakistan</u>

Planned for Pipeline:

For India, the first tranche of the program loan (about \$100 million) could be committed under the Continuing Resolution with balance to await enactment of AID appropriation.

For Pakistan, there are \$75 million held over from FY 71 and \$110 million in the FY 72 Act, but both of these are informally in suspense pending a new development plan.

Total Planned Pipeline	\$150-\$200	0
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2. PL 480Active Pipeline:

74,000 bales of cotton from last year's agreement owned by <u>India</u> but which has not yet been shipped.	\$12	
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50,000 metric tons of edible oil which we have tentatively planned to allow <u>India</u> to substitute for wheat covered in last year's agreement, so as to help stabilize the US market	\$18	
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565 metric tons of wheat for <u>Pakistan</u> under last year's agreement		\$36.5
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35,000 metric tons of edible oil for <u>Pakistan</u>		<u>\$10.5</u>
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Total Active Pipeline	\$30	\$47
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Planned for Pipeline:

126,000 bales of cotton for India	\$22	0
150,000 metric tons of edible oil for India	<u>\$50</u>	<u>0</u>

Total Planned Pipeline	\$72	.0
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	(millions)	
3. <u>Technical Assistance</u>	<u>India</u>	<u>Pakistan</u>
Committed and obligated	\$5.9	\$0.9
Planned	\$9	\$4.3

The Options

The following describes the major steps we could take in pursuing a policy of gradually restricting economic assistance. This could be applied either to India alone or to both India and Pakistan. In part, the impact of any such moves would depend on the way we make them known and how they are woven into the broader diplomatic scenarios. The following options are the same ones (with updated figures) AID laid out and you have been working with since the beginning of the crisis.

Option 1: Provide No New Economic Assistance

<u>Actions</u>	<u>India</u>	<u>Pakistan</u>
	(millions)	
--Hold up all planned new FY 72 Development Loans	\$150-200	0
--Defer conclusion of new PL 480 agreements	\$72	0
--No new technical assistance projects	\$9	4.3
Total	\$231 - 281	4.3

This is the minimum that can be done and for all practical purposes, with the exception of technical assistance, has already been accomplished.

Option 2: Defer Commitment of Funds Obligated but not Covered by Irrevocable Letters of Credit

<u>Actions</u>	<u>India</u>	<u>Pakistan</u>
	(millions)	
--Withhold obligated funds not yet committed to specific purposes	\$11.7	\$19.6
--Order private US banks holding funds covered by Letters of Commitment not to convert these into irrevocable Letters of Credit	\$86.8	3.6

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	<u>India</u>	<u>Pakistan</u>
	(millions)	
-- Withhold agreement to Indian request to substitute edible oils for wheat under last year's PL 480 agreement and shipment of edible oil to Pakistan	<u>\$18</u>	<u>\$10.5</u>
Total	\$116.5	\$33.7

You tentatively told Williams on December 3 to take the first two of the above steps for India only.

Consequences

--The economic impact would be substantial in both countries. The Paks are already very short on foreign exchange because of the situation in East Pakistan and the cut-off by all of the consortium countries of new assistance, and this would eliminate another significant source. India's foreign exchange position would also be hurt since almost all of the development loan money is slated to finance raw materials, spare parts and components for agriculture and industry. India has more maneuverability than Pakistan in suspending repayment of debt to compensate for lost aid. Pakistan has already resorted to this device. Stopping the flow of PL 480 commodities would also drive up consumer prices.

--If we only moved against India, there would be a greater chance that the Indian reaction could reduce rather than enhance our influence and the effectiveness of our counsel of restraint. If adopted in both countries, it would parallel our actions during the 1965 Indo-Pak war.

--It could contribute to a greater Congressional reduction in foreign aid appropriations.

Option 3: Total Suspension of New Assistance and Withdrawal of All Committed Assistance.

<u>Actions</u>	<u>India</u>	<u>Pakistan</u>
	(millions)	
--We would cut off all goods that have been ordered, which we could keep either by legal right or by means of persuasion. This would entail USG claiming legal title to all such goods in process and cancellation (with costs) of these on order.	\$124.2	\$34.1

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Option 3: (Continued)IndiaPakistan

(millions)

Actions (Continued)

--Title would be taken to as many AID-financed goods at sea as possible

\$25

nil

--PL 480 commodities would be stopped where possible:

\$12

\$36.5

--Stop technical assistance program

\$9\$4.3

Total

\$170.2

\$71.0

Consequences

--Politically this might be considered severe and unusual punishment. These steps are normally reserved for countries that break diplomatic relations and we did not go this far during the 1965 Indo-Pak war. It might be regarded as a signal that we intend to remain on unfriendly terms especially in India's case.

--Would make more difficult the re-establishment of normal friendly relations on economic matters and could harm the competitive position of US suppliers.

--Could only be implemented fully over time and only at substantial cost.

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